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6TH DISTRICT, OHIO

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Congress of the United States
House of Representatives
Washington, DC 20515-3506

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Congress of the United States
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September 11, 2003

The Honorable Bryant L. VanBrakle, Secretary
Federal Maritime Commission
800 North Capitol Street, NW
Washington, DC 20573

RE: Petition P3-03

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FEDERAL MARITIME COMMISSION
SECRETARY

Dear Commissioners:

I am writing to express my support for the UPS petition requesting exemption from the rule which prevents Non-Vessel Operating Common Carriers (NVOCCs) ~~from~~ entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, I believe UPS has presented convincing arguments for revising the antiquated regulatory scheme governing NVOCCs.

During ~~consideration~~ of the *Ocean Shipping Reform Act* (OSRA) revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCC's should be ~~regulated~~ differently than vessel operators. In the late 1990's, most NVOCCS were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCCs should operate under a published tariff system when dealing with their customers.

However, the state of the U.S ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs.

UPS operates an extremely sophisticated, integrated, intermodal transportation network, which includes air, rail and surface and NVOCC transportation, and is deemed a "carrier" in the surface and air ~~freight~~ industries. Furthermore, UPS makes significant annual capital investments to its asset-based transportation infrastructure.

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the FMC. While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA,

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Congress did not contemplate how fast or how smoothly the market **could** adapt to these changes. By granting this petition, the FMC will acknowledge these changes, level the playing field between NVOCCs and vessel operators, and ultimately benefit ocean shipping consumers around the world.

I am hopeful the FMC **will** give the UPS petition its' utmost consideration and render an equitable decision on this matter based upon the merits of the case.

Sincerely,

A handwritten signature in black ink that reads "Ted Strickland". The signature is fluid and cursive, with the first letters of "Ted" and "Strickland" being capitalized and prominent.

Ted Strickland
Member of Congress